

# North Scott Community School District

# Information Community

February 1999



## WHAT IS THIS NEW TAX?

## One-Cent Local Sales & Service Tax

*By Dr. Pascal V. DeLuca, Superintendent of Schools*

In 1998 the Iowa Legislature authorized a one-cent local sales and service tax. This new tax will enable school districts throughout the state of Iowa to adopt a new means of obtaining much needed funds for repair, remodeling and replacement of school buildings or for payment of bonds already issued for school infrastructure purposes. These funds cannot be used for General Fund purposes such as employee salaries or benefits.

The North Scott Community School District Board of Directors, along with Pleasant Valley, Davenport and Bettendorf school districts, have adopted a resolution asking taxpayers to vote on this issue on Tuesday, March 2, 1999. A 50 percent majority is required for approval. If accepted by voters, the one-cent local sales and service tax will become effective July 1, 1999 and remain in effect for a period of 10 years.

If passed, each Scott County school district will receive a portion of the taxes collected based on their student enrollment. For the North Scott district this could mean as much as \$2,000,000 per year.

This local one-cent tax would be imposed on sales and services, except for automobiles, farm equipment, food, prescription

drugs, motor fuel and rentals subject to an existing hotel/motel tax.

Each Scott County school district will have their own specific plans to use the additional funds generated.

The North Scott district has developed very specific plans for the use of these funds. These plans will benefit our school district as well as taxpayers in our school district. Our three main projects are:

- 1) Property Tax Reduction
- 2) Debt Reduction
- 3) Capital Improvement Projects

### ***Property Tax Relief***

The property tax levy, which was increased by last year's bond referendum, would be decreased by \$1.50 per \$1,000 of assessed valuation by our school district if the one-cent local option sales and service tax is passed. This reduction would appear on property tax bills payable in September, 1999, with significant savings to taxpayers. Approximately \$700,000 of the \$2,000,000 projected revenue will be budgeted for property tax reduction per year.

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*1998 Legislature Authorized One-Cent Local Sales and Service Tax*

*NS School Board Requested Election, Voting Scheduled for March 2, 1999*

*One-Cent Tax Could Provide Over \$2,000,000 Annually for School District for 10 Years*

*School District has Specific Plans for Usage of Funds Collected*

*Property Tax Reduction of \$1.50 Per \$1,000 Assessed Valuation Planned*

*District Plans Bond Debt Reduction, Potential Savings of \$1,300,000 of Interest Cost*

*Acceleration of Capital Improvement Projects Provides Additional Savings*

*One-Cent Local Sales and Service Tax Not Applicable to Food Items, Motor Vehicles, Farm Machinery and Equipment, Medicine and Drugs, Motor Fuels or Other Items Currently Excluded By Law*



## Debt Reduction

The North Scott district would use these additional funds to pay off 20 year bonds in 10 years, which could generate a savings of \$1,300,000 in interest. Approximately \$700,000 of the \$2,000,000 projected revenue would go for debt reduction per year.

## Capital Improvement Projects

Many of the capital improvement projects funded by the PPEL Fund (Physical Plant and Equipment Levy) can be started and completed sooner. Approximately \$600,000 of the \$2,000,000 projected revenue would go for additional capital improvement projects per year. These new funds could be used for possible projects such as:

- 1) Energy management computer control system
- 2) Building communication systems
- 3) Acceleration of air conditioning projects
- 4) Acceleration of roofing projects

## What are the advantages of this one-cent local sales and service tax?

Everyone contributes to this one-cent local sales and service tax. District residents, other Scott County residents and non-residents contribute each time they do their shopping in Scott County. Non-property owners who were not subject to property tax levies will also contribute.

Taxpayers in the North Scott district can save \$1,300,000 in interest on bond payments along with property tax relief in the amount of \$1.50 per \$1,000 of assessed valuation. The period of the district's bond indebtedness will be shortened and additional funds will be available for capital improvement for the next 10 years.

## How can just a one-cent local sales and service tax make up such a large amount of money?

Below is a chart showing estimated revenue for all of the Scott County school districts based on the 1997-98 actual sales and service tax collected in Scott County for the year ended June 30, 1998 per Iowa Department of Revenue.

One-Cent Local Sales & Service Tax		
District	%	\$
North Scott	11.11%	2,080,076
Davenport	61.96%	11,603,902
Bettendorf	15.85%	2,967,930
Pleasant Valley	11.09%	2,076,754
Totals	100.00%	18,728,662

The figures shown above are only collected on sales and services and not on automobiles, farm equipment, food, prescription drugs, motor fuel and rentals subject to an existing hotel/motel tax.

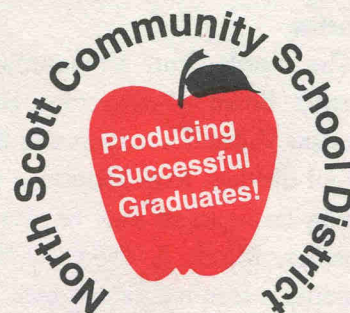
## Sample Ballot

SHALL THE FOLLOWING PUBLIC MEASURE BE ADOPTED: Yes \_\_\_\_\_

No \_\_\_\_\_

A local sales and service tax for school infrastructure projects shall be imposed in the County of Scott at the rate of one percent. The tax will begin on July 1, 1999. The tax will be in effect for a period of ten years until June 30, 2009.

The money received from the tax shall be spent for school infrastructure as defined by Iowa Code Section 422E.1. "School infrastructure" is defined by law to include purchasing, building, furnishing, reconstructing, repairing, improving or remodeling of a schoolhouse or schoolhouses and additions thereto, gymnasium, stadium, fieldhouse, or school bus garage, and procuring a site or sites therefore or purchasing land to add to a site already owned, or procuring and improving a site for an athletic field, or improving a site already owned for an athletic field, the payment or retirement of outstanding bonds previously issued for school infrastructure purposes or the payment or retirement of bonds issued under Iowa Code Section 422E.4, or for any one or more such purposes.



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